

ARIZONA DEPARTMENT OF REAL ESTATE
REAL ESTATE ADVISORY BOARD
MINUTES
July 21, 2005

The Arizona Real Estate Advisory Board met on Thursday, July 21, 2005 at the Arizona Department of Real Estate (ADRE), 2910 N. 44th Street, First Floor Administration Conference Room, in Phoenix, Arizona.

I. CALL TO ORDER

Vice Chairman Gary Brasher called the meeting to order at approximately 10:05 a.m.

Present:

Gary Brasher, Vice Chairman, Member, Tubac
Frank Dickens, Member, Flagstaff
Vicki Cox Golder, Member, Tucson
Vince Pellerito, Member, Scottsdale
Lisa Suarez, Member, Tucson
Ann White, Member, Tucson
Felipe Zubia, Member, Avondale

Unable to attend: Chairman R. L. Brown of Sun City and Colleen Newman of Yuma.

ADRE Staff members present included:

Elaine Richardson, Commissioner
Ronald Passarelli, Deputy Commissioner
Tom Adams, Investigations and Auditing Director
Amy Bjelland, Administrative Actions Director
Cindy Ferrin, Subdivisions Deputy Director
Lynda Gottfried, Auditing Supervisor/Tucson Office Manager
Carla Randolph, Assistant to the Commissioner
Richard Simmonds, Business Services Director
Anna Sokolova, Administrative Actions Acting Deputy Director
Roy Tanney, Subdivisions Director
Cindy Wilkinson, Licensing and Education Director
Mary Utley, Public Information Officer

Members of the public who were present:

Alice Martin, Arizona Association of Realtors
Spencer Kamps, Home Builders Association of Central Arizona
Sara Hasse, Williams and Associates

II. MINUTES

Upon motion by Vicki Cox Golder, seconded by Lisa Suarez, the Minutes of the April 21, 2005 meeting were unanimously approved.

III. INTRODUCTION OF NEW BOARD MEMBER

Vice Chairman Brasher welcomed new Board member Ann White from Tucson, Arizona. Ms. White is the designated broker for US Home Corporation in Arizona (Phoenix and Tucson), which includes the Lennar Corporation in Tucson. She has been working for US Home/Lennar for 23 years. Ms. White comes from the building industry and is currently Vice President of Marketing and Sales for the Tucson Division.

IV. FACILITATOR REPORT FROM ADVISORY BOARD MEMBERS

Vice Chairman Brasher provided Ms. White a brief explanation of the Real Estate Advisory Board's role as facilitators for ADRE. Several Board members reported receiving inquiries from the public.

V. ANNUAL REPORT

Vice Chairman Brasher explained the Real Estate Advisory Board's obligations pursuant to A.R.S. § 32-2104, and discussed the Board's Annual Report for the Governor. Carla Randolph will email the previous Annual Report to Board members for their review, and they were asked to provide input to Chairman Brown for this year's Annual Report by the October meeting.

VI. COMMISSIONER'S REPORT

ADRE Budget

Commissioner Richardson informed the Board members that ADRE received a 10% increase, an extra \$333,000, and she was very thankful for it since last year ADRE received no budget increase. She reported that ADRE is still in dire straits due to the boom in the real estate industry and the consequent increase in the number of licensees. Currently, ADRE averaged approximately 40 new licensees a day. The increase has allowed the Department to fill six positions that were previously unfunded. Commissioner Richardson explained that ADRE is staggering filling the newly-funded positions to compensate for budget issues such as the increase in rent at its Tucson Office.

Commissioner Richardson reported that due to the budget, ADRE had to lay off Todd Madeksza and the Licensing and Education Divisions were combined, with Cindy Wilkinson named as the new director. The Commissioner expressed her appreciation for the fabulous job Mr. Madeksza did as the ADRE's legislative liaison and lobbyist.

Amy Bjelland, Director of Administrative Actions, recently accepted a position with the Corporation Commission as an Administrative Law Judge. Anna Sokolova, who was hired as the ADRE's Deputy Director of Administrative Actions, will

be the Acting Director upon Ms. Bjelland's departure. Anthony (Tony) Leonard has been hired to fill the Division's Deputy Director position effective August 1, 2005.

Commissioner Richardson explained the ADRE's urgent need of a replacement vehicle after staff was stranded due to one of the Department's two vehicles overheating and, in particular, the need for an all-road vehicle for subdivision inspections.

Subdivision Applications

Commissioner Richardson provided Board members with an article that Cindy Ferrin wrote for the Arizona Journal of Real Estate & Business entitled "Department Improving Time on Applications." Ms. Ferrin explained that it became necessary to emphasize to the industry the importance of the ADRE's time for processing applications due to the number of inquiries and requests for meetings on pending Subdivision Public Report Applications. ADRE's goal is to reduce the amount of time it takes to process subdivision applications.

Publication Announcements

Commissioner Richardson announced that ADRE's Consumer Guide "Arizona Real Estate and You" has been translated to Spanish by the National Law Center and is now available for distribution. This publication is for Arizona residents who are monolingual and quite often purchasers who need to understand the selling and buying process to avoid becoming the target of predatory agents and lenders.

Another new publication in the works is a Consumer Guide for "Buying Property in Mexico." This guide will be printed in English only and is for Arizona residents who are buying property in Mexico.

Legislation

The Department has very little legislation this year. Commissioner Richardson asked the Board members to advise her of any legislative input since the ADRE's proposal deadline with the Governor's Office is August 19, 2005.

Cross-Border Transactions Stakeholder Committee

Commissioner Richardson reported that, in addition to the Arizona-Mexico Real Estate Ad Hoc Committee, there is a need for a Cross-Border Transactions Committee. Twelve highly qualified members were selected around the state to serve on this committee. The Subcommittees are in the process of meeting and will be submitting reports in August.

Late-Breaking News

Commissioner Richardson reports that more summary suspension type orders are being posted on the ADRE's Late-Breaking News.

Vice Chairman Brasher thanked the Commissioner for her report and commended the Commissioner and staff for doing such a great job.

VII. REPORT ON DIVISION MONTHLY REPORTS

Deputy Commissioner Ron Passarelli provided Board members with a new activity report and explained that the cover sheet is an overview of the current licensees for the current month versus the same month last year. ADRE has seen an approximate 15% increase overall in the number of licensees.

- The total activity at the Licensing front counter has decreased due to the online activity. Sixty-five percent of license changes were online.
- The Education Division report has been expanded to reflect the number of regulated schools and courses.
- Subdivisions has seen an increase in expedited applications.
- The number of Investigations going to the Administrative Actions Division for disciplinary action is up compared to previous years.
- The number of cases reaching final disposition and the number of civil penalties are up in Administrative Actions.
- The Compliance numbers are up as a result of the overall increase in Administrative Actions.
- The Recovery Fund balance is approximately \$1,115,000. There were no payouts last quarter. The report shows the number of pending applications. In Fiscal Year 2005, there were four cases and payouts from the Recovery Fund totaling \$99,987.55.

Deputy Commissioner Passarelli will provide a brief overview to give to Chairman Brown for purposes of compiling the Annual Report.

VIII. OTHER MATTERS

Vice Chairman Brasher asked about expanding the online system. Dick Simmonds reported that ADRE's Online Licensing Renewal System (OLRS) has been a lot of work. One Information Technology (IT) person has been dedicated to that assignment for a year. Another assistant IT person will be hired in the near future. The combination of broker and salesperson OLRS users for June was 26.5% usage at 4.5 months after implementation. In comparison to the State of Georgia, it took the Georgia Real Estate Commission a year to reach 25% online usage. Next week the OLRS

project team will meet to begin brainstorming for Phase II. In the meantime, ADRE will work on upgrading its website.

IX. CALL TO THE PUBLIC

There were no comments from the members of the public.

X. ADJOURNMENT

On a motion Vince Pellerito, seconded by Lisa Suarez and approved by the Board, Vice Chairman Brasher adjourned the meeting at 10:53 a.m.

DATED THIS _____ day of October 2005.

ARIZONA REAL ESTATE ADVISORY BOARD

By: _____

R. L. Brown, Chairman